Government of
Saskatchewan

2006 – 2007
Financial Statements

North West
Regional College

Letter of Transmittal

October 10, 2007

The Honourable Minister Warren McCall
Minister of Advanced Education and Employment
Room 322, Legislative Building
2405 Legislative Drive
Regina SK S4S 0B3

The Honourable Minister McCall:

On behalf of the board of governors of North West Regional College, and in accordance with the provisions of *The Regional Colleges Act*, I am pleased to submit the audited financial statements of North West Regional College for the fiscal year ending June 30, 2007.

Respectfully submitted,

Ann McArthur, Chairperson
Board of Governors
North West Regional College

NORTH WEST REGIONAL COLLEGE

STATEMENT OF MANAGEMENT RESPONSIBILITY

The College is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian generally accepted accounting principles and in accordance with the guidelines developed by Advanced Education and Employment. The College believes the financial statements present fairly the College's financial position as at June 30, 2007 and the results of its operations for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the College has developed and maintains a system of internal control designed to provide reasonable assurance that College assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Governors carries out its responsibility for the review of the financial statements principally through the Finance Committee. The Finance Committee meets with management and with the external auditors to discuss the results of the audit examinations and financial reporting matters. The external auditors have full access to the Finance Committee with and without the presence of management.

The financial statements for the year ended June 30, 2007 have been reported on by Johnson Holm Svenkeson, Chartered Accountants, P.C. Ltd. The Auditor's Report outlines the scope of their examination and provides their opinion on the fairness of presentation of the information in the financial statements.

President & CEO

Director of Administration & Student Services

JOHNSON HOLM SVENKESON,
Chartered Accountants, P.C. Ltd.

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AUDITORS' REPORT

To the Board of Governors
North West Regional College

We have audited the statement of financial position of North West Regional College as at June 30, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. The College is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Johnson Holm Svenkeson

North Battleford, Saskatchewan
August 31, 2007

Chartered Accountants

* Denotes a Professional Corporation

NORTH WEST REGIONAL COLLEGE

Statement of Financial Position

as at June 30, 2007

	2007				2006
	Operating Fund	Capital Fund	Scholarship Fund	Total	Total
Assets					
Current assets					
Cash	$ 517,192	$ 523,472	$ 48,961	$ 1,089,625	$ 937,823
Accounts receivable (Note 3)	719,657	9,600	875	730,132	507,326
Inventories	24,820	-	-	24,820	31,492
Prepaid expenses	58,501	-	-	58,501	18,736
	1,320,170	533,072	49,836	1,903,078	1,495,377
Capital assets (Note 4)	-	4,405,133	-	4,405,133	4,668,531
	$ 1,320,170	$ 4,938,205	$ 49,836	$ 6,308,211	$ 6,163,908
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued liabilities (Note 5)	$ 214,589	$	$ -	$ 214,589	$ 301,593
Accrued salaries and benefits	291,811	-	-	291,811	258,649
Unearned revenue	318,178	-	-	318,178	188,938
Current portion of long-term debt (Note 6)	-	74,876	-	74,876	71,090
	824,578	74,876	-	899,454	820,270
Long-term debt (Note 6)	-	1,147,889	-	1,147,889	1,221,321
	824,578	1,222,765	-	2,047,343	2,041,591
Net assets					
Invested in capital assets		3,182,368		3,182,368	3,376,120
Internally restricted (Schedule 4)	236,826	533,072	49,836	819,734	534,350
Unrestricted	258,766	-	-	258,766	211,847
	495,592	3,715,440	49,836	4,260,868	4,122,317
	$ 1,320,170	$ 4,938,205	$ 49,836	$ 6,308,211	$ 6,163,908

See accompanying notes to financial statements.

Approved by the Board:

Chairperson

Vice-Chairperson

NORTH WEST REGIONAL COLLEGE

Statement of Operations

for the year ended June 30, 2007

	Operating Fund			Capital Fund		Scholarship Fund		Total	
	Budget (Note 9)	2007	2006	2007	2006	2007	2006	2007	2006
Revenue (Schedule 1)									
Provincial Government	$ 5,961,227	$ 6,644,506	$ 5,399,557	$ 204,030	$ 137,567	$ 12,250	$ 6,250	$ 6,860,786	$ 5,543,374
Federal Government	28,990	36,502	29,000	-	-	-	-	36,502	29,000
Other revenue	2,128,926	2,291,218	1,850,029	16,069	11,515	20,860	13,817	2,328,147	1,875,361
	8,119,143	8,972,226	7,278,586	220,099	149,082	33,110	20,067	9,225,435	7,447,735
Expenses (Schedule 2)									
Agency contracts	1,299,346	1,381,390	1,085,146	-	-	-	-	1,381,390	1,085,146
Amortization	-	-	-	372,521	372,768	-	-	372,521	372,768
Equipment	15,652	65,896	63,117	-	-	-	-	65,896	63,117
Facilities	817,241	746,908	748,954	-	-	-	-	746,908	748,954
Information technology	13,532	51,362	33,258	-	-	-	-	51,362	33,258
Operating (Schedule 3)	1,202,223	1,203,927	975,828	71,022	70,384	-	-	1,274,949	1,046,212
Personal services	4,797,366	5,154,558	4,233,430	-	-	-	-	5,154,558	4,233,430
Scholarship	-	-	-	-	-	39,300	19,800	39,300	19,800
	8,145,360	8,604,041	7,139,733	443,543	443,152	39,300	19,800	9,086,884	7,602,685
Excess (deficiency) of revenue over expenses	$ (26,217)	$ 368,185	$ 138,853	$ (223,444)	$ (294,070)	$ (6,190)	$ 267	$ 138,551	$ (154,950)

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE

Statement of Changes in Net Assets

for the year ended June 30, 2007

	2007						2006
	Operating Fund		Capital Fund				
	Restricted	Unrestricted	Invested in Capital Assets	Internally Restricted	Scholarship Fund	Total	Total
Net assets at beginning of year	$ 100,000	$ 211,847	$ 3,376,120	$ 378,324	$ 56,026	$ 4,122,317	$ 4,277,267
Excess (deficiency) of revenue over expenses	-	368,185	(223,444)	-	(6,190)	138,551	(154,950)
Interfund transfers							
Invested in capital assets	-	(29,692)	29,692	-	-	-	-
Internally restricted	136,826	(291,574)	-	154,748	-	-	-
Net assets at end of year	$ 236,826	$ 258,766	$ 3,182,368	$ 533,072	$ 49,836	$ 4,260,868	$ 4,122,317

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE

Statement of Cash Flows

for the year ended June 30, 2007

	2007	2006
Cash flows used in operating activities		
Cash receipts from customers and funding	$ 9,131,869	$ 7,446,321
Cash paid to suppliers and employees	(8,732,944)	(7,089,113)
Interest paid	(68,354)	(70,384)
	330,571	286,824
Cash flows used in investing activities		
Purchase of property and equipment	(109,123)	(179,932)
Cash flows used in financing activities		
Long-term debt repaid	(69,646)	(67,617)
Net cash provided in the year	151,802	39,275
Cash at beginning of year	937,823	898,548
Cash at end of year	$ 1,089,625	$ 937,823

See accompanying notes to financial statements

NORTH WEST REGIONAL COLLEGE
Notes to Financial Statements
June 30, 2007

1. **Nature of the organization**

The North West Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*. North West Regional College was established in 1975 as Mistikwa Community College. On January 1, 1988 *The Regional Colleges Act* was proclaimed, and the College was renamed North West Regional College to reflect its new mandate and extended boundaries. The mission of North West Regional College is to provide adult learning opportunities and to promote life-long learning as a means of enhancing the cultural, economic and social life of the individuals and communities it serves.

The Board of the North West Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of *The Regional Colleges Act* and its regulations.

2. **Significant accounting policies**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies contained in the Regional Colleges' Accounting and Reporting Manual:

a) Fund accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For accounting and reporting purposes, resources are classified into funds in accordance with specified activities or objectives.

i) Operating fund

This fund contains current revenue, expenses, assets and liabilities pertaining to the general activities of the College.

ii) Capital fund

The capital fund reflects the net book value of all capital assets of the College after taking into consideration any associated long-term debt. The capital fund includes contributions, interest, and donations designed for capital purposes by the contributor. Also included in the capital fund are the appropriations for future capital expenditures.

iii) Scholarship fund

The scholarship fund accounts for all designated donations, grants and specifically allocated operating revenues for the purpose of awarding scholarships to students of the College.

b) Inventories

Inventories are valued at lower of cost or net realizable value.

2. **Significant accounting policies** (continued)

c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Capital assets costing under the asset threshold are expensed in the current year. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

Buildings	2.5% to 4%
Furniture and equipment	10% to 33%

d) Revenue recognition

The College follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Contributions restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course of instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

e) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. **Accounts receivable**

	2007	2006
Advanced Education and Employment	$ 358,138	$ 319,354
Federal Government	22,877	-
Saskatchewan Institute of Applied Science and Technology	885	1,575
Other	368,869	204,412
Less: allowance for doubtful accounts	(20,637)	(18,015)
	$ 730,132	$ 507,326

4. **Capital assets**

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 5,716,858	$ 1,451,426	$ 4,265,432	$ 4,551,275
Furniture and equipment	1,465,668	1,325,967	139,701	117,256
	$ 7,182,526	$ 2,777,393	$ 4,405,133	$ 4,668,531

In 1998, North West Regional College and Living Sky School Division No. 202 (formerly known as Battlefords School Division No. 118) entered into a Capital Cost Sharing Agreement whereas the College received 15.5% share of ownership of the joint use facility. Title to the lands and building are held in name of the School Division, with the College's proportionate share held in trust.

5. **Accounts payable and accrued liabilities**

	2007	2006
Accrued liabilities	$ 152,969	$ 250,139
Professional development fund	50,317	37,694
Sundry accounts payable	11,303	13,760
	$ 214,589	$ 301,593

6. **Long-term debt**

	2007			2006
	Total	Current Portion	Long-term Portion	Long-term Portion
Royal Bank loan	$ 1,222,765	$ 74,876	$ 1,147,889	$ 1,221,321

The Royal Bank loan is secured by a resolution to borrow with a copy of the authorization letter from Minister of Advanced Education and Employment. Monthly payments are $11,500 with interest at 5.31%. The loan is due November, 2019.
The total principal repayment due on long-term debt in each of the next five years is as follows:

2008	$ 74,876
2009	78,950
2010	83,246
2011	87,776
2012	92,552

7. **Related party transactions**

The College is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

In addition, the College pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Expenses for related party transactions during the year were as follows:

	2007	2006
Regional Colleges	$ 52,098	$ 44,339
Regional Health Authorities	3,136	978
SaskTel	56,781	60,369
Saskatchewan Property Management	431,424	389,706
Saskatchewan Workers' Compensation	18,111	17,778
Regional School Boards	224,384	158,715

The College provided courses in conjunction with the Saskatchewan Institute of Applied Science and Technology (SIAST). During the year the College expended $482,336 (2006 - $501,677) for courses provided by SIAST.

The College also provided courses in conjunction with the University of Saskatchewan and the University of Regina. Transactions during the year were as follows:

	2007	2006
University of Saskatchewan		
Revenue	$ 140,223	$ 110,400
Expenses	140,625	131,840
University of Regina		
Revenue	$ 34,834	$ 18,438
Expenses	83,998	58,241

During the year the College entered into a contract with the Saskatchewan AE&E to support various training and educational programs through the operation of the E-Learning Satellite Network. The College received $ 139,491 during the year from AE&E for these programs (2006 - $139,491).

8. **Pension plan**

Employees of the College participate in one of the three pension plans. Teachers and other employees holding a teaching certificate participate in either the Teacher's Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission or the Saskatchewan Teachers' Retirement Plan (STRP) which is administered by the Saskatchewan Teachers' Federation. The College has no financial obligation to TSP or STRP. Eligible employees contribute to TSP or STRP for their current service. The Province of Saskatchewan's General Revenue Fund is responsible for the required employer contribution of the STRP and for the financial obligations of the TSP. All other employees participate through the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The College's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $151,931 (2006 - $134,657).

9. **Budget**

The budgeted figures reported in the Statement of Operations are obtained from the annual budget review document submitted to and approved by the Department of Advanced Education and Employment. The budget was approved by the North West Regional College Board of Governors on August 28, 2006, and by the Minister of Advanced Education and Employment on July 25, 2006.

10. **Credit risk**

The College does not have a significant exposure to any individual customer or counter party, other than Saskatchewan Advanced Education and Employment, which is the major source of grant revenue. The College conducts regular reviews of its existing customers' credit perfomance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. The allowance for doubtful accounts for June 30, 2007 and 2006 was $20,637 and $18,015 respectively.

11. **Financial instruments**

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows. The carrying amount of accounts receivable, accounts payable and accrued liabilities, and accrued salaries and benefits approximate fair market value due to their immediate or short-term nature.

12. **Comparative figures**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NORTH WEST REGIONAL COLLEGE
Operating Fund
Schedule of Revenue by Function
for the year ended June 30, 2007

Johnson Holm Svenkeson
Schedule 1

	2007									2006
	--General--	-------Skills Training--------		----Basic Education-----		--University--	----------Services----------		2007	2007 Budget	
		Credit	Non Credit	Credit	Non Credit	Credit	Learner Support	Counsel	Total	Total	Total
Provincial Government											
Operating grant	$ 2,800,370	$ 68,054	$ -	$ 98,425	$ -	$ -	$ -	$ -	$ 2,966,849	$ 2,684,796	$ 2,585,357
Program payments	606,560	1,341,722	-	1,073,083	101,000	-	125,600	35,000	3,282,965	2,943,726	2,619,948
Other	122,592	97,313	-	11,887	4,250	29,457	-	129,193	394,692	332,705	194,252
	3,529,522	1,507,089	-	1,183,395	105,250	29,457	125,600	164,193	6,644,506	5,961,227	5,399,557
Federal Government	-	-	-	-	36,502	-	-	-	36,502	28,990	29,000
Other											
Contracts	7,600	82,643	30,254	244,497	95,000	54,795	8,323	8,322	531,434	594,647	493,014
Interest	75,377	-	-	-	-	-	-	-	75,377	60,000	42,829
Rents	11,206	-	-	-	-	-	-	-	11,206	6,600	11,515
Resale items	-	-	-	-	-	-	214,053	-	214,053	201,500	174,943
Tuitions	30	616,969	294,326	2,870		276,118	-	-	1,190,313	1,131,839	1,032,869
Other	157,801	97,496	908	1,560	1,000	3,367	3,072	3,631	268,835	134,340	94,859
	252,014	797,108	325,488	248,927	96,000	334,280	225,448	11,953	2,291,218	2,128,926	1,850,029
Total revenue	3,781,536	2,304,197	325,488	1,432,322	237,752	363,737	351,048	176,146	8,972,226	8,119,143	7,278,586
Total operating expenses (Schedule 2)	3,306,788	2,245,332	288,220	1,397,382	155,291	433,342	385,170	392,516	8,604,041	8,145,360	7,139,733
Excess (deficiency) of revenue over expenses	$ 474,748	$ 58,865	$ 37,268	$ 34,940	$ 82,461	$ (69,605)	$ (34,122)	$ (216,370)	$ 368,185	$ (26,217)	$ 138,853

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE
Operating Fund
Schedule of Expenses by Function
for the year ended June 30, 2007

	2007									2006
	General	Skills Training		Basic Education		University	Services			
		Credit	Non Credit	Credit	Non Credit	Credit	Learner Support	Counsel	Total	2007 Budget Total	Total
Agency contracts	$ 65,589	$ 836,736	$ 153,495	$ 24,224	$ 2,715	$ 265,007	$ 33,119	$ 505	$ 1,381,390	$ 1,299,346	$ 1,085,146
Equipment	25,600	19,307	208	14,347	-	42	118	6,274	65,896	15,652	63,117
Facility	512,775	71,223	50,009	17,410	11,505	36,840	-	47,146	746,908	817,241	748,954
Information technology	51,362	-	-	-	-	-	-	-	51,362	13,532	33,258
Operating (Schedule 3)	405,775	271,853	27,735	154,349	16,433	91,065	203,940	32,777	1,203,927	1,202,223	975,828
Personal services	2,245,687	1,046,213	56,773	1,187,052	124,638	40,388	147,993	305,814	5,154,558	4,797,366	4,233,430
	$ 3,306,788	$ 2,245,332	$ 288,220	$ 1,397,382	$ 155,291	$ 433,342	$ 385,170	$ 392,516	$ 8,604,041	$ 8,145,360	$ 7,139,733

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE
Operating Fund
Schedule of Operating Expenses
for the year ended June 30, 2007

	2007 Total	2007 Budget Total	2006 Total
Advertising	$ 133,513	$ 120,294	$ 126,748
Association fees and dues	14,121	23,828	15,575
Bad debts	2,622	-	5,011
Computer software	6,961	11,100	7,014
Financial services	4,395	3,600	3,450
Goods and services tax	143,468	32,645	59,282
In-service training	72,656	74,202	56,260
Insurance	17,577	17,777	20,937
Licenses and taxes	485	-	553
Materials and supplies	241,765	236,454	191,475
Other	43,350	123,046	31,295
Postage, freight and courier	28,347	32,570	25,423
Printing and duplicating	41,319	36,192	33,674
Professional services	42,517	14,500	35,004
Resale items	185,189	201,500	145,457
Subscriptions	5,658	1,230	4,519
Telephone	40,064	56,500	42,649
Travel	179,920	216,785	171,502
	$ 1,203,927	$ 1,202,223	$ 975,828

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE
Schedule of Internally Restricted Net Assets
for the year ended June 30, 2007

Internally Restricted	Balance Beginning of Year	Appropriation to Net Assets	Draw from Net Assets	Balance End of Year
OPERATING FUND				
Administrative computer system	$ 100,000	$ 20,000	$ -	$ 120,000
ESL	-	76,826	-	76,826
IT staffing	-	40,000	-	40,000
Total operating fund	$ 100,000	$ 136,826	$ -	$ 236,826
CAPITAL FUND				
Battlefords campus project	$ 7,000	$ -	$ -	$ 7,000
Furniture and equipment replacement - general	46,656	40,000	-	86,656
Facilities	204,668	100,000	-	304,668
Video conferencing	-	20,000	-	20,000
Upgrade computer equipment	120,000	35,000	(40,252)	114,748
Total capital fund	$ 378,324	$ 195,000	$ (40,252)	$ 533,072
SCHOLARSHIP FUND				
Scholarships	$ 56,026	$ -	$ (6,190)	$ 49,836
TOTAL	$ 534,350	$ 331,826	$ (46,442)	$ 819,734

See accompanying notes to financial statements.

North West Regional College

LIST OF PAYMENTS TO SUPPLIERS
GREATER THAN $50,000 FOR 2006-2007

(unaudited)

	2006-2007
Blackjack Holdings	143,927
Blue Cross	174,682
Bralin Technical Solutions	52,014
First Nations University of Canada	84,999
Living Sky Schooll Div	219,553
Maple Leaf Consumer Foods	50,000
Municipal Employees Superannuation	295,041
Receiver General	1,319,479
Saskatachewan Indian Institute of Technology	116,265
Saskatchewan Government Employees Union	105,880
Saskatchewan Property Management Corp	570,994
SaskTel	56,781
SIAST - Wascana	71,747
SIAST-Woodlands Campus	394,563

North West Regional College

LIST OF PAYMENTS TO BOARD OF GOVENORS
AND OUT-OF-SCOPE MANAGEMENT FOR 2006-2007
Personal Services

(unaudited)

	Total (Including travel reimbursements)
Beaver, Pam	$ 55,603
Champigny, Maurice	$ 3,422
Coulson, Patricia	$ 68,976
Deutscher, Norman	$ 6,361
Hughs, Colin	$ 4,652
Hurlburt, Leslie	$ 3,537
Lafond, Carol	$ 7,256
McArthur, Ann	$ 8,715
Nylander, Bryan	$ 123,658
Ray, Wayne	$ 77,135
Rewerts-Favel, Sandra	$ 4,479
Roberts, Melanie	$ 83,423
Steiert, Patt	$ 209,902